

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 STR-04

/103 W

----- 012235

R 051634Z NOV75

FM AMEMBASSY ROME

TO SECSTATE WASDHC 4012

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

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E.O. 11652: N/A

TAGS: ETRD, PFOR, EEC, IT

SUBJECT: COUNTERVAILING DUTIES: FLOAT GLASS CASE

REF: A. STATE 168308

B. STATE 167828

1. ACCORDING TO MINISTRY FOREIGN TRADE (MFT) REP SIMEONE
(DIRECTOR, GATT-EC AFFAIRS), MFT HAS MADE SEVERAL LARGELY
UNSUCCESSFUL ATTEMPTS TO OBTAIN DETAILED INFORMATION FROM
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FLOAT GLASS PRODUCERS IN ORDER RESPOND FULLY TO JULY 16 TREASURY QUESTIONNAIRE (REFTEL B). COMPANIES HAVE PROVIDED SOME DATA ON PRODUCTION AND EXPORTS, BUT REFUSE TO DISCLOSE FINANCIAL DATA. WHILE MFT REALIZES FLOAT GLASS PRODUCERS' ATTITUDE IS COUNTER-PRODUCTIVE, GOI LACKS LEGAL MEANS TO FORCE THEM TO PRODUCE ALL THE INFORMATION MFT WOULD LIKE TO OBTAIN. CONSEQUENTLY, MFT (MINISTRY RESPONSIBLE FOR THIS MATTER) HAS COMPLETED TREASURY QUESTIONNAIRE TO BEST OF ITS ABILITY, BUT HAS BEEN UNABLE RESPOND TO ALL POINTS. SIMEONE STRESSED THAT FAILURE TO RESPOND TO ALL QUESTIONS SHOULD NOT RPT NOT BE INTERPRETED AS LACK OF CONCERN ON PART OF GOI.

2. EMBASSY WISHES REEMPHASIZE IMPORTANCE WHICH GOI ATTACHES TO THIS CASE. WHAT IS BEING CHALLENGED IS GOI'S LONG-STANDING PROGRAM FOR ECONOMIC/SOCIAL DEVELOPMENT OF THE MEZZOGIORNO (SOUTH ITALY, SICILY AND SARDINIA), WHICH EVEN TODAY LAGS SIGNIFICANTLY BEHIND THE REST OF ITALY IN PER CAPITA INCOME, AVAILABLE SOCIAL SERVICES, ETC. ALL RPT ALL ITALIAN POLITICAL PARTIES STRONGLY SUPPORT MEZZOGIORNO PROGRAM, WHICH INVOLVES GOVERNMENT LOANS AND/OR GRANTS FOR THE DEVELOPMENT OF INDUSTRY, AGRICULTURE AND SOCIAL INFRASTRUCTURE IN THE MEZZOGIORNO. GOI PROGRAM STRONGLY SUPPORTED BY EC; LARGE SUMS FROM EIB, FEOGA AND REGIONAL FUND HAVE BEEN AND WILL BE MADE AVAILABLE FOR MEZZOGIORNO PROGRAM. MEZZOGIORNO ASSISTANCE AVAILABLE EQUALLY TO ITALIAN AND FOREIGN FIRMS AND IS IN NO RPT NO WAY TIED TO EXPORTS.

3. IN GOI VIEW, REPORTEDLY SUPPORTED BY OTHER EC MEMBERS, MEZZOGIORNO PROGRAM NOT SUBSTANTIALLY DIFFERENT FROM "REGIONAL" DEVELOPMENT PROGRAMS OF FEDERAL, STATE AND LOCAL GOVERNMENTS IN THE UNITED STATES. IF MEZZOGIORNO PROGRAM IS FOUND TO INVOLVE BOUNTY OR GRANT SUBJECT TO US COUNTERVAILING DUTIES, SIMEONE IMPLIED THAT THEN GOODS PRODUCED BY US FIRMS WHICH HAVE RECEIVED DIRECT OR INDIRECT BOUNTY OR GRANT FROM FEDERAL, STATE OR LOCAL GOVERNMENTS WOULD BE EQUALLY LIABLE TO COUNTERVAILING DUTIES UPON IMPORTATION INTO EC. SIMEONE SAID GOI IS COMPILING EXTENSIVE DOSSIER ON ALL "REGIONAL AID" PROGRAMS IN US, DOWN TO AND INCLUDING LOCAL GOVERNMENT ASSISTANCE.

4. IMPOSITION OF COUNTERVAILING DUTIES ON FLOAT GLASS (OR LIMITED OFFICIAL USE

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ANY OTHER PRODUCT INVOLVING MEZZOGIORNO PROGRAM) BY USG WOULD, IN EMBASSY'S VIEW, TRIGGER IMMEDIATE ADVERSE POLITICAL REACTION IN ITALY. COMMUNIST PARTY (PCI) IN PARTICULAR WOULD BE ABLE EXPLOIT SITUATION. THERE WOULD ALSO BE GREAT DANGER OF RETALIATION BY ITALY AND/OR EC AND PROBABLE ADVERSE EFFECT ON MTN.

5. EMBASSY REALIZES THAT NONE OF ABOVE TOUCHES UPON ISSUE,
UNDER US LAW, OF WHETHER DIRECT OR INDIRECT BOUNTY OR GRANT
RESULTS FROM MEZZOGIORNO PROGRAM. HOWEVER, IT WISHES NOTE
PROBABLE CONSEQUENCES OF IMPOSITION OF COUNTERVAILING DUTIES.
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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
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Draft Date: 05 NOV 1975
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Disposition Approved on Date:
Disposition Authority: KelleyW0
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